

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

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| WELL API NO. 30-025-28083 |
| 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. SWD 119 |
| 7. Lease Name or Unit Agreement Name STATE "AJ" |
| 8. Well No. #1 |
| 9. Pool name or Wildcat Devonian |
| 10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3806 GR |

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

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| 1. Type of Well: OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SWD |
| 2. Name of Operator ALLIANCE CORPORATION |
| 3. Address of Operator P.O. BOX 504, Lovington, New Mexico 88260-0504 |

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| 4. Well Location Unit Letter G : 2310 Feet From The NORTH Line and 2310 Feet From The EAST Line Section 33 Township 18S Range 36E NMPM LEA County |
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| 11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data | |
| NOTICE OF INTENTION TO: | SUBSEQUENT REPORT OF: |
| PERFORM REMEDIAL WORK <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input checked="" type="checkbox"/> |
| OTHER: <input type="checkbox"/> | PLUG AND ABANDONMENT <input type="checkbox"/> |
| | CASING TEST AND CEMENT JOB <input type="checkbox"/> |
| | OTHER: <input type="checkbox"/> |

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

Between 16 July and 24 July the State "AJ" #1 was re-entered and drilled out to it's original TD of 12,153'. On 27 July the well was cased with 17# and 20# 5-1/2" N-80 casing to a depth of 12,090'. From 30 July to 8 August, the well was deepened from it's original TD to 12,393' and treated with 15,000 gal. of 15% regular acid. Operations were then shut down while the tank battery and disposal installation were constructed and a plastic coated tubing string was prepared for installation. Attached is a detailed summary of the work performed up to 24 August. Subsequent work is detailed on a separate C-103.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE D.M. Harrod TITLE President DATE 28 Oct 92
TYPE OR PRINT NAME D.M. Harrod TELEPHONE NO. 396-6862

(This space for State Use)

ORIGINAL SIGNED BY JERRY SEXTON

APPROVED BY DISTRICT I S.E. TITLE DATE OCT 30 '92

CONDITIONS OF APPROVAL, IF ANY: